

Message Text

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FM SECSTATE WASHDC

TO USDEL MTN GENEVA

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FOL RPT ISLAMABAD 0017 ACTION SECSTATE 2 JAN QUOTE

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E.O. 11652: N/A

TAGS: ETRD, MTN, PK

SUBJECT: MTN: TROPICAL PRODUCTS NEGOTIATIONS

REF: STATE 287116,

1. IN RESPONSE TO REFTEL, CONGENS KARACHI AND LAHORE HAVE CONSULTED LOCAL I.PORTERS, OVERSEAS INVESTORS' CHAMBERS AND US FIRMS BUT HAVE BEEN UNABLE TO IDENTIFY TARIFF OR NTBS WHICH ARE IMPEDIMENTS TO EXPORT OF US PRODUCTS AND SERVICES TO PAKISTAN. FOLLOWING TWO PARAS QUOTED FROM LAHORE 1449 TO ISLAMABAD EXPLAINS IN CLEAR, CONSISE TERMS THE SITUATION IN PAKISTAN.

2. BEGIN QUOTE. AS REQUESTED IN REFTEL, POST CHECKED WITH LOCAL BUSINESSMEN AND IMPORTERS (E.G., AMERICAN BUSINESS REPS, TRADERS AND EX-OFFICIALS ACTIVE IN ECONOMIC CIRCLES) TO IDENTIFY SPECIFIC GOP TRADE BARRIERS WHICH USG MIGHT CONSIDER ASKING PAKISTAN TO REDUCE OR ELIMINATE AS TRADE-OFF FOR CONCESSIONS IN MTN. REACTION THAT WE GOT WAS THAT THERE ARE NO SPECIFIC TRADE BARRIERS WHICH
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SERIOUSLY LIMIT US'S ABILITY TO TRADE WITH PAKISTAN. IMPORT

OF MOST CONSUMER ITEMS IS BANNED, BUT IT WOULD BE UNREASONABLE FOR US OR ANY OTHER DEVELOPED COUNTRY TO TRY TO HAVE THIS BAN LIFTED IN VIEW OF PAKISTAN'S CONTINUING EFFORT TO PROTECT ITS NASCENT CONSUMER GOODS INDUSTRY.

3. FOR THOSE AUTHORIZED PRODUCTS WHICH DEVELOPED COUNTRIES GENERALL SELL IN PAKISTAN -- CAPITAL GOODS, INDUSTRIAL RAW MATERIALS, FERTILIZERS, PESTICIDES AND FOOD -- US NOW APPEARS TO BE AT NO DISADVANTAGE EXCEPT WHERE TIED LOANS OR SOFT-TERM CREDITS MAKE IT ATTRACTIVE FOR PAKISTAN TO IMPORT FROM SOME OTHER COUNTRY. WE HAVE DETECTED NO PROTECTIONIST SENTIMENT REGARDING ABOVE PRODUCTS, ALTHOUGH THIS PROBABLY COULD ARISE AS MATTER OF OFFICIAL GOP POLICY AS LOCAL INDUSTRY IN THESE FIELDS DEVELOPS. WHERE LARGE GOVERNMENT CONTRACTS FOR MAJOR PROJECTS ARE CONCERNED, US GENERALLY IS ABLE TO COMPETE EFFECTIVELY. END QUOTE.

4. WHILE CONGENS SURVEYED TRADE SOURCES, THE EMBASSY CAREFULLY ANALYZED TIED (BARTER) LIST IN GOP TARIFF SCHEDULE. WE WERE UNABLE TO IDENTIFY ITEMS ON THIS LIST WHICH US MIGHT SELL TO PAKISTAN IF ITEMS WERE ON FREE LIST. THE PAKISTAN TIED LIST INCLUDES THOSE ITEMS WHICH CAN ONLY BE IMPORTED UNDER BILATERAL BARTER AGREEMENTS OR CONCESSIONARY FINANCING ARRANGEMENTS. MANY ITEMS ON THE TIED LIST ARE THOSE FOR WHICH THE US COULD NOT HOPE TO COMPETE. ITEMS APPEARING ON THE TIED LIST CAN IN ANY CASE BE IMPORTED WITHOUT REGARD TO THE TIED LIST RESTRICTIONS WHERE THE ITEMS ARE PART OF A LARGER PACKAGE OF FREE LIST ITEMS OR WHEN FINANCING COMES FROM INTERNATIONAL FINANCIAL INSTITUTIONS. TURN-KEY AND LARGE PROJECTS CAN HAVE TIED LIST EXEMPTIONS WRITTEN INTO CONTRACTS SEPARATELY NEGOTIATED WITH THE GOP. THUS, EXEMPTION FROM TIED LIST RESTRICTIONS CAN BE GRANTED FOR MOST MAJOR US EXPORT TRANSACTIONS WITH PAKISTAN. IN ADDITION, THE GOP HAS REGULARLY REDUCED THE NUMBER OF ITEMS ON THE TIED LIST IN RECENT YEARS AND HAS INDICATED TO THE PAKISTAN CONSORTIUM AN INTENTION TO CONTINUE THIS REDUCTION UNTIL THIS SPECIAL LIST NO LONGER EXISTS.

5. EMB DOES NOT RPT NOT BELIEVE PAKISTAN WILL BE VERY LIMITED OFFICIAL USE

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FORTHCOMING IN RESPONSE TO REQUESTS FOR RECIPROCAL CONCESSIONS IN THE MTN. MINISTRY OF COMMERCE OFFICIALS HAVE STATED ON SEVERAL OCCASIONS UNDERSTANDING THAT AGREEMENTS IN TOKYO EXEMPTED LDCS FROM RECIPROCATING CONCESSIONS IN MTN. GOP OFFICIALS BELIEVE THAT MAJOR MTN NEGOTIATIONS WILL BE BETWEEN DEVELOPED COUNTRIES WITH LDCS MERELY ATTEMPTING TO PROTECT THEIR INTERESTS DURING THESE NEGOTIATIONS ON AN AD HOC BASIS. (PAKISTAN WILL, HOWEVER, SUPPORT LDC INIT-

IATIVES TO GAIN GREATER ACCESS TO DC MARKETS FOR PRIMARY
COMMODITIES AND SEMI-MANUFACTURES.) PAKISTAN KNOWS
THAT THE MOST IMPORTANT CATEGORY IN WHICH IT MIGHT BENEFIT
FROM TARIFF AND NTB LIBERALIZATION (COTTON YARN AND
TEXTILES) HAS BEEN PLACED OUTSIDE THE MTN. IT ALSO
RECEIVED LESS THAN HOPED FOR IN THE US GSP. THE GOP
HAS BEEN PARTICULARLY DISAPPOINTED TO FIND THAT HAND-
KNOTTED CARPETS ARE APPARENTLY NOT RPT NOT INCLUDED IN
US GSP.
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